



House of Representatives

General Assembly

File No. 506

February Session, 2012

Substitute House Bill No. 5422

House of Representatives, April 18, 2012

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CHANGES TO STATUTES ADMINISTERED BY THE STATE TREASURER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (3) of subsection (b) of section 3-13l of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2012*):

4 (3) "Investment professional" means an individual or firm whose
5 primary business is bringing together institutional funds and
6 investment opportunities and who (A) is a broker-dealer or investment
7 adviser agent licensed or registered (i) under the Connecticut Uniform
8 Securities Act; (ii) in the case of an investment adviser agent, with the
9 Securities and Exchange Commission, in accordance with the
10 Investment Advisors' Act of 1940; or (iii) in the case of a broker-dealer,
11 with the [National Association of Securities Dealers in accordance with
12 the Securities Exchange Act of 1934] Financial Industry Regulatory
13 Authority or its successor organization, or (B) is licensed under section

14 20-312, or under a comparable statute of the jurisdiction in which the
15 subject property is located, or (C) (i) furnishes an investment manager
16 with marketing services including, but not limited to, developing an
17 overall marketing strategy focusing on more than one institutional
18 fund, designing or publishing marketing brochures or other
19 presentation material such as logos and brands for investment
20 products, responding to requests for proposals, completing due
21 diligence questionnaires, identifying a range of potential investors, or
22 such other services as may be identified in regulations adopted under
23 clause (ii) of this subparagraph; and (ii) meets criteria prescribed (I) by
24 the Treasurer until regulations are adopted under this subparagraph,
25 or (II) by the Citizen's Ethics Advisory Board, in consultation with the
26 Treasurer, in regulations adopted in accordance with the provisions of
27 chapter 54. Prior to adopting such regulations, the Citizen's Ethics
28 Advisory Board shall transmit the proposed regulations to the
29 Treasurer not later than one hundred twenty days before any period
30 for public comment on such regulations commences and shall consider
31 any comments or recommendations the Treasurer may have regarding
32 such regulations. In developing such regulations, the Citizen's Ethics
33 Advisory Board shall ensure that the state will not be competitively
34 disadvantaged by such regulations relative to any legitimate financial
35 market.

36 Sec. 2. Section 3-22e of the general statutes is repealed and the
37 following is substituted in lieu thereof (*Effective October 1, 2012*):

38 (a) There is established a Connecticut Higher Education Trust
39 Advisory Committee which shall consist of the State Treasurer, the
40 president of the Board of Regents for Higher Education, the Secretary
41 of the Office of Policy and Management and the cochairpersons and
42 ranking members of the joint standing committees of the General
43 Assembly having cognizance of matters relating to education, higher
44 education and finance, revenue and bonding, or their designees, and
45 one student financial aid officer and one finance officer at a public
46 institution of higher education in the state, each appointed by the
47 Board of Regents for Higher Education, and one student financial aid

48 officer and one finance officer at an independent institution of higher
 49 education in the state, each appointed by the Connecticut Conference
 50 of Independent Colleges. The advisory committee shall meet at least
 51 annually. The State Treasurer shall convene the meetings of the
 52 committee.

53 (b) [Within six months from the date of the trust's annual report] On
 54 or before December thirty-first, annually, the State Treasurer and the
 55 Board of Regents for Higher Education shall jointly report, in
 56 accordance with section 11-4a, to the joint standing committees of the
 57 General Assembly having cognizance of matters relating to education,
 58 higher education and finance, revenue and bonding on an evaluation
 59 of the Connecticut Higher Education Trust and recommendations, if
 60 any, for improvements in the program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2012</i>	3-13l(b)(3)
Sec. 2	<i>October 1, 2012</i>	3-22e

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

Changing the due date for a report submitted by the Office of the State Treasurer and making a technical change that updates statutory language have no fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sHB 5422*****AN ACT CONCERNING CHANGES TO STATUTES ADMINISTERED BY THE STATE TREASURER.*****SUMMARY:**

This bill changes the deadline for the state treasurer and the Board of Regents for Higher Education (BOR) to submit to specified legislative committees an annual evaluation of the Connecticut Higher Education Trust (CHET) and any recommendations for improving the program. CHET is the state's tax-deferred college savings plan.

The bill moves the deadline from within six months of CHET's "annual report" to December 31, annually. The "annual report" presumably refers to the CHET financial report the treasurer must submit to the governor and the CHET Advisory Committee by December 31 each year.

The bill also (1) requires the treasurer and the BOR to submit the evaluation and recommendations to the Higher Education Committee, in addition to the Education and Finance committees, which receives them under current law and (2) expands the CHET Advisory Committee to add the chairpersons and ranking members of the Higher Education Committee or their designees.

Lastly, the bill updates the statutory definition of an "investment professional" for purposes of qualifying for an exemption from the statutory ban on paying or receiving finder's fees in connection with investment transactions involving the state, a quasi-public agency, or a political subdivision. Under current law, one way a broker-dealer qualifies for the exemption is if he or she is licensed by or registered with the National Association of Securities Dealers (NASD). Under the bill, such a broker-dealer is exempt if he or she is, instead, licensed or

registered with the Financial Industry Regulatory Authority (FINRA) or its successor organization (see BACKGROUND).

EFFECTIVE DATE: July 1, 2012 for the updated definition; October 1, 2012 for the CHET provisions.

BACKGROUND***Financial Industry Regulatory Authority***

FINRA is the NASD's successor, having been formed in 2007 by a merger between NASD and NYSE Regulation, Inc., the New York Stock Exchange's regulatory and enforcement arm.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (04/03/2012)